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February 11, 2008

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H. *J. Fielding*  
Director and Health Officer

SUBJECT: **HIV MEDICAL OUTPATIENT CONTRACT CHANGES FOR YEAR 18**

This is to inform you about changes that the Office of AIDS Programs and Policy (OAPP) has proposed for Medical Outpatient Services contracts for the upcoming Ryan White CARE Act (RWCA) Contract Year 18. Three separate factors have made it necessary for OAPP to realign care services contracts for Year 18 to ensure that services are not compromised.

**Minority AIDS Initiative**

The recent authorization of the Ryan White Care and Treatment Modernization Act resulted in various program and funding changes. One important change involved Minority AIDS Initiative (MAI) funding, which is included in Part A of the RWCA. The MAI was designed to address the disproportionate impact of HIV on communities of color and to improve HIV-related health outcomes for these populations.

On February 28, 2007, the federal Health Resources and Services Administration (HRSA) announced that Year 17 Minority AIDS Initiative (MAI) funding would not be included with the other portions of the RWCA Part A award, and that a separate application process would be required to apply for MAI funding. The grant year for MAI was changed from March 2007-February 2008 to August 2007-July 2008, leaving a sudden programmatic funding gap of at least five months and more than \$1,045,000. The new MAI award was not received until August 1, 2007. Instead of retroactively cutting funding to MAI providers starting on March 1, 2007, OAPP recommended and the Board approved a one-time use of Provisional Financing Uses (PFU) funds to cover \$836,000 of the shortfall, thus allowing MAI-funded contracts to remain in place for the duration of Year 17, and maintaining the investment in Medical Outpatient Services within Los Angeles County at previous expenditure levels.

Provisional Financing Uses funds are no longer available to mitigate funding gaps in Year 18.

### **Commission on HIV Change in the Minority AIDS Initiative Plan**

In Year 16, the Los Angeles County Commission on HIV (COH) approved a new MAI plan to begin in Year 17 that changed the service category allocations. The previous plan, in place since 1999, provided for the allocation of MAI service category funds for Medical Outpatient Services (83%), Psychosocial Case Management (15%), and Oral Health (2%). The new plan eliminates allocations for Medical Outpatient and Psychosocial Case Management services (98% of previous allocations), and instead invests in Medical Case Management (45%) and Early Intervention Services (35%), and increased the Oral Health allocation (20%).

While Medical Case Management and Early Intervention Services will largely be provided by Medical Outpatient providers, the funds are restricted to be used to locate, educate and retain in medical care persons of color with HIV who might otherwise be at heightened risk for never accessing care, or for ceasing to obtain appropriate care. This change results in a \$1.9 million reduction in MAI funds available for Medical Outpatient Services in Year 18.

### **Alignment of Contractual Obligations with Available Funds**

Historically, as a strategy to maximize all federal and state HIV/AIDS revenue while accounting for contractor underspending, OAPP committed to contract levels in excess of grant award levels. This strategy allowed OAPP to expend 100% of the revenue received. Following federal funding cuts in Year 14 that prompted OAPP's request to the Board for additional funds to maintain contract levels, the CAO directed OAPP to phase out the process of overcontracting beginning in Year 16. Using the COH Year 17 and 18 allocation percentages and the Year 17 Part A and Part B funding award levels, OAPP began to eliminate variances between available service funding and the committed contract amount for each service category.

In previous years, Medical Outpatient service providers have not maximized their entire contract allocations of approximately \$19.8 million annually. Based on this information, and in order to more closely align contracts with available funds and COH priorities, OAPP has proposed an overall \$950,000 reduction in Year 18 allocations for Medical Outpatient services. This reduction represents half of the \$1.9 million shortfall, but is consistent with previous years' expenditures. OAPP estimates that if expenditure levels remain the same, or even increase by up to eight percent, adequate funding will remain available for these services. The medical outpatient expenditures for Years 14, 15 and 16 are provided below and show the contractual amount, actual expenditures and unspent balance.

<b>Grant Year</b>	<b>Contractual Amount</b>	<b>Actual Expenditures</b>	<b>Balance</b>	<b>% Spent Against Contract</b>
Year 16	\$19,930,387	\$18,266,562	\$1,663,825	91.65%
Year 15	\$19,841,274	\$18,302,954	\$1,538,320	92.25%
Year 14	\$19,841,274	\$18,457,406	\$1,383,868	93.03%

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**Next Steps**

On December 21, 2007, OAPP sent letters to all Medical Outpatient providers informing them of the change in Year 18 allocations for this category, and OAPP will now work with these providers to adjust budgets and programs as necessary.

If you have any questions or need additional information, please let me know or contact Mario J. Pérez, Director, Office of AIDS Programs and Policy, at (213) 351-8000.

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Commission on HIV